



Patrick W. Henning
Director



Arnold Schwarzenegger
Governor

December 5, 2008

To: Voluntary Plan Self-Insurers

Subject: GENERAL RELEASE LETTER FOR 2009

The attached General Release (GR) letter provides information on recent legislation, regulation, and procedural changes that affect your voluntary plan (VP) for the 2009 Calendar Year, and outlines actions needed to ensure continued approval of your plan.

For additional information on VP procedures, see the Employer's Guide to VP Procedures, DE 2040 at: http://www.edd.ca.gov/pdf_pub_ctr/de2040.pdf

For information about State Disability Insurance (SDI), see the Employment Development Department (EDD), Disability Insurance (DI) Branch Web site at http://www.edd.ca.gov/Disability/Disability_Insurance.htm

For information about Paid Family Leave (PFL) Insurance, see the EDD, DI Branch Web site at http://www.edd.ca.gov/Disability/Paid_Family_Leave.htm

Voluntary Plan Group (VPG) staff members can assist you with your VP questions. Feel free to call our receptionist at (916) 653-6839, or see "Voluntary Plan Group Contacts," page 9, for the names, phone numbers, e-mail addresses, and responsibilities of each individual VP staff member.

A handwritten signature in black ink that reads "Sandra O. Poole".

SANDRA O. POOLE
Deputy Director
Disability Insurance Branch

Attachments

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Legislation

SB 1173 - Unemployment Insurance: Employers: Motion Picture Industry.

Senate Bill (SB) 1173, (Scott) Chapter 391, Statutes of 2008.

Senate Bill 1173 was signed by Governor Schwarzenegger and filed with the Secretary of State on September 27, 2008. This bill amends Section 679 of, and added Section 680 to, the California Unemployment Insurance Code (CUIC) effective January 1, 2009.

Existing law provides that, until January 1, 2012, any employing unit that is a motion picture payroll services company (MPPSC) shall be treated as an employer of a motion picture production worker. The addition of Section 680 allows a VP MPPSC employer to extend existing VP coverage to motion picture production workers of the company's affiliated entities.

Reference: CUIC Section 679, 680

Regulations

The following Title 22, California Code of Regulations (CCR) Sections 3258-1, 3267-1, and 3267-2 were amended effective October 26, 2008:

Section 3258-1 – Amendments changed EDD's retention of securities from six calendar quarters to "up to 36 months" (twelve calendar quarters) after termination or withdrawal of the VP.

NOTE: As a result of this amendment, if your security deposit is a Guarantee Bond you **must immediately** submit a new Guarantee Bond or a rider to incorporate the new language. (See Attachment 3 for Suggested Rider Text)

Section 3267-1 – Subdivision (a) of section 3267-1 of the CCR was amended to impose the same time period within which employers or insurers of approved VPs are required to report a first claim to the Department for Family Temporary Disability Insurance (FTDI) benefits, as they do for disability benefits. These reports are due within 15 days of receiving the claim and a final report of the claim is due within 35 days after final payment for each disability period.

Section 3267-2 – Subdivision (a) of section 3267-2 was amended to require the VP employer to file the "Annual Report of Self-Insured Voluntary Plan Transactions," DE 2568V. The amendment further:

- Requires the submission of the report by the forty-fifth (45) day following the close of the calendar year

- Increases the amount of time that an extension can be granted to file the report beyond the 45 day time period not to exceed an additional 30 days
- Requests the name and location of the financial institution where the VP funds are held
- Expands the reporting requirements to include FTDI benefit claims
- Requires VP employers at the discretion of the Director to continue to file the DE 2568V reports for the time period (12 calendar quarters) during which the security deposit (described in Section 3258-1 of the regulation) is retained by the Department following a termination or withdrawal of a VP.

NOTE: To conform to the new language of these amendments, EDD Forms DE 2544V, DE 2568V, DE 2523, and DE 2523F have been revised.

For additional details on the above-mentioned bill, regulations, or any other document, employers should access the website <http://www.leginfo.ca.gov/> for legislative information or <http://www.edd.ca.gov/default.htm> for EDD information.

Contribution Rate and Wage Ceiling

Effective January 1, 2009, the SDI worker contribution rate is **1.1 percent** of an employee's gross taxable wages up to \$90,669.

Reference: CUIC Section 984

The 2009 SDI taxable wage ceiling (the maximum amount of wages per employee that are subject to SDI contributions) will be \$90,669. The maximum annual contribution per employee for 2009 will be \$997.36 (\$90,669 x 1.1 percent). Employers report these contributions to the EDD Tax Branch on the Quarterly Contribution Return, DE 3D, line D, box D1 Voluntary Plan.

Reference: CUIC Section 985

New VP Assessment Rate

Effective January 1, 2009, the VP assessment rate (on line K of the Quarterly Contribution Return, Form DE 3D) will increase from 0.112 percent (0.00112) to **0.154 percent** (0.00154). This figure is the product obtained by multiplying the worker contribution rate by 14 percent, or $1.1 \times 0.14 = 0.154$ percent.

Reference: CUIC Section 3252[b]

VP employers must remit this payment to the Employment Development Department (EDD) Tax Branch with their other tax payments. The employer may pay the assessment out of their corporate funds, or charge it to the VP fund. If charged to the VP fund, show the expenditure on the "Annual Report of Self-Insured Voluntary Plan Transactions, DE 2568V," which is submitted to the VPG.

Calendar of Required Actions for 2009

The law requires VP employers to notify covered employees of VP amendments no later than the effective date of the amendment. The notice of amendment shall include notification of their right to withdraw from the VP as of the effective date of the amendment.

This process is outlined in Section 800 of the Employer's Guide to Voluntary Plan Procedures, DE 2040.

Reference: CUIC Section 3271[a]

Effective Immediately:

- Revise your Guarantee Bond or provide a new rider to reflect the 12 calendar quarter retention period after termination or withdrawal of the plan if your security deposit is a Guarantee Bond.
- **NOTE:** Please use the revised Form DE 2544V REV. 14 (10-08) to update your Guarantee Bond rider. Using out-dated forms may delay or require the VPG to return your documents for additional information. A sample Guarantee Bond rider is attached to assist you in complying with current regulatory changes (See Attachment 3).

By January 1, 2009:

- Provide written notice to your VP employees of the increased weekly benefit amount (WBA) of \$959 and maximum benefit amount (MBA) of \$49,868 and any other plan changes. Notice of benefit changes are not necessary if your VP already provides a higher WBA and MBA.
- Notify VP and SDI covered employees that the contribution rate will increase to 1.1 percent of taxable wages, and that the taxable wage ceiling will increase to \$90,669 in 2009. VP employers may decrease their VP contribution rate and VP taxable wage ceiling to levels lower than the SDI contribution rate and SDI tax ceiling. Please note, however, that the \$90,669 taxable wage ceiling applies to both SDI and VP wages reported on line D1 Voluntary Plan and D2 State Plan, Quarterly Contribution Return, Form DE 3D.

- Increase the SDI contribution rate to 1.1 percent and report the SDI contributions to the EDD Tax Branch via the Quarterly Contribution Return, Form DE 3D, line F, Voluntary Plan (see "Contribution Rate and Wage Ceiling," page 2).

By February 15, 2009:

- Provide the VPG at the address indicated within this letter with written documentation describing all amendments to your VP language for all changes made to your 2009 plan. Include a copy of the employee notice informing employees of any rate changes and/or plan amendments.
- Complete and return the attached "Voluntary Plan 2009 Security Review" worksheet, Attachment 1, outlining proposed changes to your security deposit to the VPG, along with required documents.
- Send the DE 2568V for calendar year 2008 to the VPG (see "Annual Report of Self Insured VP Transactions, DE 2568V," page 7).
- Complete and return to the VPG the "Voluntary Plan Administrative Changes" information sheet, Attachment 2, only if you have changes to report.

Please submit all text amendments for approval by February 15, 2009, to:

EDD, Disability Insurance Branch
Voluntary Plan Group, MIC 29-VP
P.O. Box 826880
Sacramento, CA 94280-0001

Voluntary Plan Administrative Changes

Complete the "Voluntary Plan Administrative Changes" information sheet, see Attachment 2, to report changes to the contact person's names, phone or fax numbers, e-mail, or street addresses associated with your plan. Please return this form to the VPG by February 15, 2009, only if you have changes to report.

Adjustments to Existing Security Deposits

Due to the increase in the 2009 contribution rate to 1.1 percent of the taxable wage, and the increase in the taxable wage ceiling to \$90,669, the amount of your existing security deposit may no longer be adequate since the contribution rate is used in the calculation. We have attached a "Voluntary Plan 2009 Security Review" worksheet, Attachment 1 to assist you with this calculation. Please complete and return the worksheet to the VPG by February 15, 2009, regardless of whether a change was made to your VP security amount.

Reference: CUIC Section 3258

How to Complete the VP 2009 Security Review Worksheet

To complete the worksheet, first obtain a reasonable estimate of your 2009 taxable wages up to the ceiling of \$90,669 per employee. Second, calculate the required security amount by applying the following formula:

- 2009 Estimated VP Total Taxable Wages x 0.5 (per CUIC Section 3258) x 1.1 percent (worker contribution rate beginning January 1, 2009) = estimated 2009 security amount
- Round up to the next even \$100
- Minimum required deposit is \$1,000

EXAMPLE #1: Year 2009 taxable wages = \$1,455,000
 \$1,455,000 x .5 x .011 = \$8,002.50
 Security deposit should be \$8,100 because you
 are asked to round up to the next even \$100.

EXAMPLE #2: Year 2009 taxable wages = \$175,000
 \$175,000 x .5 x .011 = \$962.50
 Security deposit should be \$1,000 because the
 minimum required security deposit is \$1,000.

Determining When to Increase Your Security Deposit

If the difference between your existing security and the required amount is more than 5 percent, you must increase your security amount.

EXAMPLE #3:	Required Security Amount:	\$205,000
	Existing Security Amount:	\$200,000

Using this example, the security amount need not be increased, since the difference between the two amounts is only 2.5 percent.

If a security increase is required, please return the "Voluntary Plan 2009 Security Review" worksheet with one of the following items to the VPG by February 15, 2009:

- Guarantee bond rider to amend your guarantee bond
- Letter of credit amendment

Or, if you wish to submit cash or bearer bonds, indicate this on the worksheet and send a written request stating the proposed amount of increase. Send your request to the VPG by February 15, 2009 (see "Where to Send Your Security Deposit").

Before submitting any change in security, please review Section 780 of the Employer's Guide to Voluntary Plan Procedures.

Reference: CCR, Title 22, Section 3258-1; CUIC Section 3258

Where to Send Your Security Deposit

Guarantee Bond or Letter of Credit

Send an original and one copy of your guarantee bond or letter of credit to one of the following addresses, depending on mail or in-person delivery:

Mailing Address:

EDD, Disability Insurance Branch
Voluntary Plan Group
Attention: Security Analyst
P.O. Box 826880, MIC 29VP
Sacramento, CA 94280-0001

In-Person Delivery Address:

EDD, Disability Insurance Branch
Voluntary Plan Group
Attention: Security Analyst
800 Capitol Mall, Room 3137, MIC 29VP
Sacramento, CA 95814

Cash Security Deposits

To send a cash deposit first complete the form "Agreement Regarding Deposit of Cash, DE 2545V" and send the form to the VPG. The VPG will review the form and advise you of where to remit the cash security, if appropriate.

When changing the amount of your current cash deposit, first send a written request to the VPG specifying the amount of the proposed change. Upon approval of your request, the VPG will do one of the following; if you are increasing the security amount VPG will instruct you where to send your check; if you are requesting a refund, the VPG will need to know who and where to send the refund.

Reference: CUIC Sections 3258, 3267; CCR, Title 22, Section 3267-2

Interest Earnings on Cash Deposits

In September 2008, the Voluntary Plan Group (VPG) issued a General Release letter that outlines the new procedures for those VP employers that submit cash as their instrument of security deposit. If you would like a copy of this letter, call Glenn Lomax at (916) 653-2883 or email at glenn.lomax@edd.ca.gov

- Effective May 22, 2008, the EDD deposited all cash securities into a Special Deposit Fund account with the State Controller's Office to earn interest.
- Interest payments are allocated quarterly to the principle amount of your deposit.
- To check quarterly interest rate earnings on cash deposits, see the California State Controller's Office Surplus Money Investment Fund Apportionment Yield Rates, accessible at: <http://www.sco.ca.gov/ard/surplus/smifrate.pdf>

Revised VP Forms

As explained in the **REGULATION** Section of this GR letter, the CCR Sections 3258-1, 3267-1, and 3267-2 were amended, therefore, requiring revision of the following VP forms:

- DE 2523—Report of Voluntary Plan Claim; this is the form to submit employee disability claim information
- DE 2523F—Report of Voluntary Plan Family Leave (VPFL) Claim; this is the form to submit employee **Paid Family Leave** claim information
- DE 2568V—Annual Report of Self-Insured Voluntary Plan Transactions; this is the form used to report annual financial plan activity information

To obtain the revised forms contact the VPG at (916) 653-6839 or access our web site at the following location:

- http://www.edd.ca.gov/Disability/VP_Forms_and_Publications.htm

Annual Report of Self-Insured VP Transactions, DE 2568V

The DE 2568V for calendar year 2008 is due to the VPG by February 15, 2009. Employers can obtain the DE 2568V on the Internet at:
http://www.edd.ca.gov/pdf_pub_ctr/de2568v.pdf

The Internet version of the DE 2568V cannot be automatically submitted to EDD via e-mail because it is a fill-in form only. However, employers can view the form on-line, fill in the blanks, print, and submit it via fax or mail to the VPG (see address below). Employers using the Internet version may electronically scan and e-mail it to the VPG at vp68v@edd.ca.gov

NOTE: Please do not use the old version of form DE 2568V. Using the old version may require the VPG to return the incomplete form.

VP employers may request an electronic version of the form from the VPG by calling (916) 653-6839. Please do not use the above mentioned e-mail address to send other correspondence.

Mail or fax hardcopies of the DE 2568V to the VPG at the following address:

EDD, Disability Insurance
Voluntary Plan Group
P.O. Box 826880, MIC 29VP
Sacramento, CA 94280-0001

Fax: (916) 653-6209

For further information on the DE 2568V, see the Employer's Guide to Voluntary Plan Procedures, Sections 740-755, on the Internet at http://www.edd.ca.gov/pdf_pub_ctr/de2040.pdf

CCR Title 22, Section 3267-2

DE 2040 - Employer's Guide to VP Procedures

The Employer's Guide was designed as a tool to assist employers and their agents in administrating VPs. The Guide is available online at http://www.edd.ca.gov/pdf_pub_ctr/de2040.pdf

You may need to download the free Adobe Reader software to view and print the Guide.

NOTE: The DE 2040 is being revised in accordance with recent legislative and regulatory changes for Year 2009.

Voluntary Plan Advisory Group

The EDD actively participates in the Voluntary Plan Advisory Group (VPAG). The VPAG consists of VP employers and third-party administrators who meet twice yearly to discuss VP issues and pending legislation, share common concerns, clarify VP claim procedures, and exchange ideas to improve the VP program.

Travel expenses to attend VPAG meetings may be charged to the VP Trust Fund. To join the VPAG, telephone or e-mail Chris Okugo, Manager of the EDD, DI Branch, Voluntary Plan Group at (916) 654-8250 or cokugo@edd.ca.gov

VPG Contacts

The following is a list of VP staff names, telephone numbers, e-mail addresses, and primary functions. VPG staff are always ready to provide you with assistance on your VP.

Name	Phone Number & E-mail Address	Duties
Chris Okugo	(916) 654-8250 cokugo@edd.ca.gov	Section Manager, Voluntary Plan Group
Toni Chan	(916) 654-9248 tchan@edd.ca.gov	Manager, Voluntary Plan Administration Unit
Katy Cavender	(916) 654-9172 kcavende@edd.ca.gov	Manager, VP Claims, Disputed Coverage, Appeals, & Overpayments
Jim Iwamiya	(916) 654-9279 jiwamiya@edd.ca.gov	New Plan Approvals, Amendments
Francine Mendenhall	(916) 653-7417 fmendenh@edd.ca.gov	Plan Withdrawals/Terminations
Jaime Briseño	(916) 654-7811 jbriseno@edd.ca.gov	Security Deposits
Douglas Richmond	(916) 654-6777 douglas.richmond@edd.ca.gov	New Plans and Security Deposits
Glenn Lomax	(916) 653-2883 glomax@edd.ca.gov	General Release Letters, Special Projects

Internet Addresses for EDD and California Legislation

To access information on the Internet relating to the EDD and California legislation, use the following addresses:

- EDD www.edd.ca.gov
- Official California Legislative Information www.leginfo.ca.gov
- California Codes (including CUIIC) www.leginfo.ca.gov/calaw.html
- California Code of Regulations www.oal.ca.gov/
- California State Senate www.senate.ca.gov/
- California State Assembly www.assembly.ca.gov/defaulttext.asp

Acronyms

AB	Assembly Bill
CCR	California Code of Regulations, Title 22
CFRA	California Family Rights Act
CUIC	California Unemployment Insurance Code
DI	Disability Insurance
EDD	Employment Development Department
EIN	Employer Identification Number
ER	Employer
FMLA	Family and Medical Leave Act
FTDI	Family Temporary Disability Insurance
GR	General Release
MBA	Maximum Benefit Amount
PFL	Paid Family Leave
PIT	Personal Income Tax
SB	Senate Bill
SDI	State Disability Insurance
UI	Unemployment Insurance
UCD	Unemployment Compensation Disability
VP	Voluntary Plan
VPAG	Voluntary Plan Advisory Group
VPDI	Voluntary Plan Disability Insurance (Claim)
VPFL	Voluntary Plan Paid Family Leave (Claim)
VPG	Voluntary Plan Group
WBA	Weekly Benefit Amount
WCTD	Workers' Compensation Temporary Disability

Voluntary Plan 2009 Security Review*(Please do not alter or reformat this worksheet!)*

Employer Name _____ VP #99- _____

California Employer Account Number _____

Name of Third-Party Administrator, if any _____

2008 Quarterly Taxable Wages(from Line D1 on your Quarterly
Contribution Return Form DE 3D)1st Quarter \$ _____2nd Quarter \$ _____3rd Quarter \$ _____4th Quarter \$ _____**2008 Total** \$ _____**2009 Total** \$ _____**Total Estimated 2009 Taxable Wages**** Reminder: The maximum taxable wage ceiling will be \$90,669 for 2009**Security Required to Continue VP**Total Estimated 2009 Taxable Wages \$ _____ x .5 x .011 = \$ _____
(from line above) (rounded up to next even \$100)

Current Security Deposit \$ _____

Adjustment (Increase/Decrease) +/- \$ _____

Return this form whether or not you need to increase your security deposit. Submit this worksheet and your security increase documents by February 15, 2009, to one of the following addresses, depending on mail or in-person delivery:**Mailing Address:**EDD, Disability Insurance Branch
Voluntary Plan Group
Attention: Security Analyst
P.O. Box 826880, MIC 29VP
Sacramento, CA 94280-0001**In-Person Delivery Address:**EDD, Disability Insurance Branch
Voluntary Plan Group
Attention: Security Analyst
800 Capitol Mall, Room 3137, MIC 29VP
Sacramento, CA 95814

Check the box below that applies:

- ☐ Security adjustment is attached.
- ☐ Security adjustment will be forwarded to the EDD under separate cover.
- ☐ Request to submit cash.
- ☐ Request to submit bearer bond.
- ☐ No adjustment to the current security amount is needed.

Name _____ Date _____
(Print or type your name)

Phone Number _____ E-mail Address _____

Please direct questions about this form to VPG at (916) 653-6839.

Voluntary Plan Administrative Changes

- Please complete and return by February 15, 2009, to:

EDD, Disability Insurance Branch
Voluntary Plan Group, MIC 29 VP
PO Box 826880
Sacramento, CA 94280-0001

Related companies may report identical information on one form.
Please list each plan number and name.

Employer Name _____ VP #99- _____

California Employer Identification Number (EIN) _____

- Does this employer account operate under any other business names?
If so, please list the names on the reverse side.

Main Contact Person, (usually the benefits manager, human resources manager, or personnel manager) regarding VP issues (VP administration, securities, claims, etc.):

Name _____ Title _____
Address _____
Phone _____ Fax _____
E-mail Address _____

Second Contact Person, regarding VP issues (VP administration, securities, etc.):

Name _____ Title _____
Address _____
Phone _____ Fax _____
E-mail Address _____

Contact Person for questions on the Report of Self-Insured Voluntary Plan Transactions,
DE 2568V (usually Payroll):

Name _____ Title _____
Address _____
Phone _____ Fax _____
E-mail Address _____

Disputed coverage referrals (claims received by the EDD that may be VP liability) should be addressed as follows:

Address _____
Attention _____
Phone _____ Fax _____
E-mail Address _____

Completed by: Name _____ Date _____

E-mail Address _____ Phone _____

Attachment 3

Sample Rider Text

State of California
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

SURETY RIDER

To be attached to and form a part of

Bond number: _____

Dated effective: _____

Executed by: _____ (principal)

and by _____, as surety

in favor of State of California, Employment Development Department

NOW Therefore, it is agreed that:

The paragraph that reads:

2. Except as provided in paragraph 3 below, this bond shall not terminate until the expiration of all benefit claims outstanding after the lapse of six complete calendar quarters following the effective date of termination of the voluntary plan or withdrawal of such plan, and thereafter for a period not to exceed 60 days following the date upon which an assessment for charges against the employer becomes final unless the Director terminates the bond prior thereto.

is changed to read:

2. Except as provided in paragraph 3 below, this bond shall not terminate until the expiration of all benefit claims outstanding after the lapse of **twelve** complete calendar quarters following the effective date of termination of the voluntary plan or withdrawal of such plan, and thereafter for a period not to exceed 60 days following the date upon which an assessment for charges against the employer becomes final unless the Director terminates the bond prior thereto.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This rider is effective: _____

Signed and Sealed: _____

ATTEST:

PRINCIPAL SIGNATURE:

PRINCIPAL
(SEAL)

ATTEST:

SURETY SIGNATURE:

SURETY
(SEAL)
